

Oil Theft and Corruption: Pathways to under Development in the Niger Delta

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Abstract

The main aim of this paper is to examine the nexus between oil theft and corruption as it affects development in the region. Niger Delta is the store house of petroleum resources, which accounts for more than 80 per cent of Nigeria's revenue and more than 90 per cent of the total exports. Oil theft is the criminal act of siphoning crude oil from government oil facilities. The study findings shows that there is quest for personal wealth accumulation, criminal tendencies by the local and international oil traders, security lapses, stakeholders negligence for the region development among others were responsible for oil theft and corruption. The findings shows that there is increase in state insecurity, Economic losses, Environmental degradation, fire disasters explosions, lost of life and material resources. The paper concludes that, until oil theft and corruption are curbed, the Niger Delta region will still be underdeveloped and the region will be elusive of sustainable peace and development.

Keywords: Oil Theft, Corruption, Niger Delta and Development.

Introduction

The Niger delta question remain the most delicate crucial and vexatious agendum in the political and economic history of Nigeria. In fact, no national and international intellectual discourse on the paradox of poverty and aguish in the midst of splendor can be adequately articulated without reference to the unfortunate dilemma of under development in the Niger Delta.

Since the discovery of crude oil and gas commercial quantity in Oloibiri in 1956 brought joy and high hope in the people of the Niger Deltans. This was because the people believe that the discovery would lead the region to sustainable development and peace. The Niger Deltans were so optimistic that oil discovery in their region would mean great access to basic social amenities such as portable drinking water, steady power supply, functional healthcare facilities, good roads, good functional schools and employment opportunities. In their innocence, they believed that the Nigerian government and multinational oil companies were so interested in bringing development to their region especially the rural communities to fight against the negative effect and consequences associated with the exploration and exploitation of crude oil and gas.

After 50 years of operations all these dreams and wishes seems to be a nightmare. Ekuerhware(2002) noted that oil and gas resources from the region accounts for over 90% of Nigerian export and foreign exchange earnings and over 70% of total Nigerian revenue. Oil and gas production has been of the increase ever since crude oil was discovered in the region in 1956. This made Wilson (2012:55) to state that the increase of crude oil production has affects directly or indirectly the development programmes and revenue base of the Niger Delta region and the Nigerian State at large.

with an official oil production figure of 2.4 millions barrels per day, Nigeria ranks as Africa's biggest petro- state after South Africa, it ranks in billions of dollars in petroleum revenue. However, there one indications that the nation may be producing more than the official figure while the rest is lost through the illegal activities and manipulations of criminal cartels who engage in oil theft.

Katsouris and Sayne (2013) attributes the inaccuracy in the oil figure and revenue to oil theft activities in the region, stating that illegal oil bunkering has been the major source of stealing crude oil in the region for both domestic and export consumptions. It is pertinent to state that this criminal act of oil theft is carried out by both indigenous and foreign personnel. Asuni (2009) state that oil theft is the stealing of crude oil from the pipelines or flow state stations, as well as extra crude oil added to legitimate cargos that are not accounted for. This paper is divided into sections. Section one deals with the introduction. Section two deals with conceptualizing oil theft, corruption and Niger Delta. Section three deals with theoretical framework while section four deals causes of oil theft, corruption in Niger Delta and Section five is concerned with the effect of Oil theft and corruption in Niger Delta and lastly Section six deals with the conclusion and recommendation.

CONCEPTUALIZATION OF THEMES CLARIFICATION

The themes of this paper are oil theft, Corruption, Niger Delta and Under development. Therefore, it is necessary to give these concepts operational clarifications.

Niger Delta

Niger Delta is a geo – political region with the highest oil and gas production capacity in Nigeria. The region is

said to be the world third largest wet land and largest in Africa, which has an area of about 70, 000sq km, an ecological zone of large rivers, coastal, mangroves , fish and salt water swamp forest areas. The region has a population of about 31,244,587 people (FGN,2006). Niger Delta is made up of 9 states namely: Akwa –Ibom, Imo, Abia, Delta, Rivers, Ondo, Edo, Bayelsa and Cross – River state. The region is endowed with several natural resources which includes huge deposit of crude oil and the region has the main crude oil production base in Nigeria. The region is blessed with 5,700 oil wells, 112 flow stations, 16 gas plants, 126 production platforms, 6 floating production storage offloading (FPSO), 13 oil terminals and 6,000 kilometers of pipelines. (Ezeoba, 2013, Akpomera, 2013:288).

Oil Theft

Oil theft is carried out at several levels, namely the small – scale lever for the local marketers, the larger- scale involving international marketers beyond the licensed amount. According to Ayanruioh (2013:2) illegal oil theft is the process through which crude oil or refined petroleum products are illegally siphoned from pipelines and sold to interested dealers / buyers waiting on the high sea or the unscrupulous individuals.

Asuni (2009) maintains that oil theft is an act of stealing crude oil from the pipelines or flow stations, as well as extra crude oil added to legitimate cargos that are not accounted for.



This crude oil is stolen in larger quantities with few consumed locally, while the greater proportion is either sold overseas or exchange for arms. This crime occurs at the most basic level when pipelines rupture leaks allowing local inhabitants to siphon off the oil. Many of this leaks occur throughout the region for purely technical reasons.

In most cases oil thieves breach a pipeline at night with the result that the oil company shut down the flow station in the line when the drop in the pressure caused by the breach registers on the gauges at the flow station. While the flow is shut off for the company to inspect the line, find and repair the breach , the thieves excavate the pipeline some distance away and install a tap underground through which they deliver a constant supply of oil to their own facilities.



Nembe Creek

Recently, Shell Petroleum Development Company (SPDC) raised an alarm over activities of oil thieves on the New Nembe Creek Trunkline (NCTL). According to the Company Manager Director, Mutiu Sunmonu (Dec 24th, 2010) state the line was shut down because of leaks caused by two failed bunkering points. “since repairs were

completed, more than 50 theft valves have been discovered. In one case, some 17 illegal bunkering points were found within a distance of 3.8km” the individuals transfer oil extracted illegally from facilities into containers and onto barges or lighters which they take to tankers. This process of bunkering is what has given the business oil theft in Niger Delta its common name.

David (2009) estimated that stolen oil figured at over 50,869,300 and 364,322,734 barrels in 2000 and 2001 respectively.

Oil theft has become a major to the Niger Delta and the Nigerian economy, but those involved in this crime are highly connected personalities and Niger delta militants who would always find their in the difficult terrain.

It is reported that 150,000 barrels of crude oil is stolen daily in the Niger Delta region. This translate to 1,500,000 US Dollars or 233,850,000 NGN per day going by the average world crude oil price of 100 US Dollars. It is interesting to know that this huge some of wealth is accrued to some individuals.

Corruption

According to Olugbenga (2007), Odofin and Omojuwa (2007) the word corruption cannot be easily define. Similarly, Ajibewa (2006) Falooore (2010) and Igbuzor (2008) cited in Egwemi (2012) maintains that corruption is not an easy task to define. Indeed defining corruption is a daunting challenging venture. However, Andring and Fjelstad (2001:4) view corruption as a complex and multifaceted phenomenon with multiple causes and effects, as it takes on various forms and context. In similar vein, Tanzi (1998) maintain that while it is difficult to define corruption, the crisis associated with corruption is not difficult to recognize.

The United Nations Global Programme against Corruption (GPAC) defines corruption as “abuse of power for private gain”. The Transparency International has chosen a clear and focused definition of the term as “the abuse of entrusted power for private gain” it can also be defined as a pervasion or change from the general accepted rules or laws for selfish gain. (Fanda2010). Corruption has been and will be a permanent reality, the harmfulness of which hurts both the individual and the society.

Amuwo (2005) and Obayolu (2007) view corruption as the exploitation of public position, resources and power for private gain. Assi (2012) view corruption as a social problem and it is the misused of public office, the abuse of all office of trust, misappropriation for private gain.

From a sociological point of view, corruption is a symptoms of dysfunctionality of the relationship between the state and the people characterized by bribery, extortion and nepotism. Therefore, corruption is the abuse of public office, public roles, resources or the use of illegitimate forms of political power for personal gain at the expense of the public.

Corruption as a social phenomenon is a global problem and exist in varying degrees in different countries. While it is more prevalent in the developing countries like Nigeria, the developed countries experience corruption at a minimal level. The reason is that, there is a control mechanism of corruption that are more developed and effective than in the developing countries.

Corruption has eaten so deep into the fabric of the Nigeria system and this has affected development in all forms and areas.

Theoretical Framework

Oil theft has earlier discuss in this paper as illegal siphoning of crude oil from government own oil facilities which are criminal in nature. A number of theories have been developed by scholars in the explanation of criminal act concurrent oil theft and corruption in the region (Lyman, 2007, Mallory 2007). For the purpose of this study, the QUEER LADDER THEORY will be adopted.

The queer ladder theory was influenced by an American Sociologist, Daniel Bell (1919- 2011), who coined the idea of “queer ladder” in an attempt to explain the functional significance of organized crime as a desperate tactic for socioeconomic empowerment and social climbing. This analytical construct has since fertilized into a popular theoretical framework widely used in contemporary crime studies.

The **QUEER LADDER THEORY** has three assumptions:

1. Organized crime is an instrumental behaviour/ practice, it is a means to end.
2. It is an instrument of social climbing, fame and socio – economic advancement.
3. It is a means to accumulate wealth and build power.(Mallory, 2007)

The Queer Ladder theory assumes that organized crime thrives in context where the government’s capacity to dictate and sanction abnormality and crime is poor, where public corruption is endemic and where legitimate livelihood opportunities are slim. (Nwoye, 2000; Lyman,2007). Under these circumstances, the incentive to indulge in life of crime is high, while deterrence from criminal living is low. This create room for criminal impunity and franchise.

APPLICATION OF QUEER LADDER THEORY TO THE STUDY

The Queer Ladder theory enables us to situate the prevalence of illegitimate act and organized crime and other forms of criminality in Niger Delta. In this regard, it is noted that incidence of oil theft in the region has been driven by rat – race for material aggrandizement at the detriment of the development and well being of the people. This has been made worsen by the prevailing socio – economic doldrums and concomitant livelihood crisis in the region.

The notion of “ladder” in Queer Ladder theory symbolizes social climbing or mobility. The aggrieved and deprived youth of the region results to oil bunkering as fondly called in order to meet up with their mates. Hence, those who take to oil theft as a means of social climbing (mobility) are thought to be toeing the awkward, unconventional (queer) path. The adoption of this theory for this study is informed by its analytical utility in providing insights into the sociological foundations of organized crime in developing nations.

CAUSES OF OIL THEFT AND CORRUPTION

What causes oil theft and corruption in the region has been the subject of extensive academic debate since the discovery and exploration of crude in the region in Olobiri since 1956. The following has been attributed to the causes of oil theft and corruption in the region.

- i. Poverty
- ii. Unemployment rate among Youth in the region.
- iii. Criminal impunity in the country
- iv. Neglect of the region by government and multinational companies.
- v. Quest in sharing and taking part in national cake.
- vi. Weak prosecution process
- vii. Youth restiveness
- viii. Collaboration between the security agents and the bunkers

EFFECTS OF OIL THIEFT AND CORRUPTION IN NIGER DELTA.

The effects of oil theft and corruption in Niger Delta as it affects development in the region shall be discussed as follows:

ENVIRONMENTAL DEGRADATION

Indices of oil theft, pipeline vandalism account for the massive crude oil spillages and pollutions in the region, destroying host communities farm lands, vegetation, destroying the people’s means of livelihood and polluting the rivers because their main occupation in the region is farming and fishing. These communities suffer the challenges of the poor means of livelihood arising from the environmental pollution, both the government and the multinational oil companies’ has wasted resources in an attempt to clean up the environment.

DECREASE IN NIGERIAN OIL REVENUE

The Nigerian government losses about 180,000 barrels of crude oil per day valued at over \$7 billion yearly due to oil theft in the region. (Menyi, 2014). It was also gathered by the Public Affairs Manager, PPMC, Nasir Imodage stated that Nigerian has lost over N8 billion on security for oil personnel and installations, and environmental clean – up arising from oil theft activities in Niger Delta region between 2009 and 2012. Similarly, NNPC has spent \$2.3 billion on repair of broken oil pipelines and wells by oil theft machineries and providing security for oil installations. Both the government and multinational oil companies at all levels in the various Niger Delta state has spent a huge sum of resources to equip the state security agents in securing oil facilities and personnel against the activities of oil thieves. This implies that the tax payer’s money is been wasted and the time anticipated in security would have been used to foster development in the region in the area of social and physical infrastructure in the various region.

THREAT TO REGIONAL PEACE AND SECURITY

The rate of unemployment and youth restiveness in the region has made the youth see the oil theft business as an alternative and a very lucrative venture because, to them there is no job that can fetch them such huge some of money in just a night. This same youths irrespective of their geo – political region of region of origin are recruited into oil theft activities as a means of economic empowerment and some are empowered with heavy arms and they use same to perpetuate violence act in different parts of the country and they are also used by some of our mischievous politicians to either attack political opponents or rig elections especially as the 2015 general election that is fast approaching, thereby increasing insecurity challenge in the region and nation at large. It is pertinent also to state that oil theft is carried out in the high seas and oil exports terminals, thereby increasing the activities of the sea pirates in this region sea waters.

PROLIFERATION OF ARMS

Most of the oil thieves exchange this crude oil for heavy arms at the high sea, while others use the proceeds to import sophisticated arms into the regions, with the principal aim of using the arms for attacks and counter attacks from any gang or groups and military or security agents. Katsouris and Sayne (2013) state that oil theft has been the major causes of violent conflict in the Niger Delta. This proliferation of small and heavy arms in the region, has brought about insecurity in the region making some to result to kidnapping and hostage taking.

CONCLUSION AND RECOMMENDATIONS

This paper has made an attempt to examine oil theft and corruption in Niger Delta with a view in situating its causes and effects on the development process of the Niger Delta region. To buttress this point, the paper explored the trend oil theft in Niger delta region and the posited the amount the region losses as a result of this criminal act.

- Also the paper has observed that oil theft has brought about insecurity in the region.
- The paper was able to use the Queer Ladder Theory in explaining the criminal act of oil theft and corruption and how it affects development in the region.
- The paper was able to deduce the region is under developed because of the high level of corruption in the region and the cost of oil theft in the region making it to lose over \$ 4 million dollars every day to oil theft.
- The paper recommend that the NNPC and Multinational Oil companies should work hand in hand with the local communities security towards ensuring that the pipelines are adequately protected in the region.
- The paper also recommend that the perpetrators of oil theft business in the region should be sanctioned severally, so as to ensure deterrence.
- The recommends that, the youth should be empowered and they should be creation of jobs in the region.
- The schools in the region should also be equipped adequately with facilities.
- The security agencies should be up and doing to safe guard the oil pipelines in the region.

Table 1: The Cost of Nigerian oil theft.

	Nigerian Oil theft
Value of the Oil theft	The estimated annual value of oil stolen from Nigeria is between \$3billion and \$8billion.
Direct Casualities	There has been an estimated 1,000 deaths each year as a result of conflict in the Niger Delta Region – although not all of these would be directly related to oil theft.
Public costs of the oil theft	The Nigerian government was estimated to have lost revenue worth several billions of dollars. The Nigerian National Petroleum Corporation spent \$2.3 billion on pipeline security and repairs. Between 2010 to 2012.
Environmental cost	As a results of oil theft in the region, they have been pollution of water and soil which also have a secondary impacts on human health, livelihoods, food and fuel stocks.

Source: Katsouris, C. and Sayne. A. (2013)

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